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Ringgit Strengthens as US Dollar Falters Amid Tariff Escalation

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– Categories: Economics



Malaysia’s currency advanced on Thursday, gaining ground against the United States dollar as fresh tariff threats from Washington rattled financial markets and weighed on the greenback.

The ringgit ended the day higher at 4.2410/2505 against the United States dollar, improving from Wednesday’s close of 4.2500/2540. The rebound followed President Donald Trump’s announcement of a 50% import tariff on copper, set to take effect August 1, which weakened the dollar slightly amid investor concern. The announcement caused moderate

concern among investors and coincided with a 0.12% drop in the U.S. Dollar Index, reflecting short-term dollar weakness.

Bank Muamalat Malaysia Berhad chief economist Dr. Mohd Afzanizam Abdul Rashid said these kinds of aggressive trade measures are likely to raise the cost of doing business in the United States and could dampen longer-term economic momentum. “Such disruptive policies are set to raise the cost of doing business in the US and ultimately would undermine the long-term growth trajectory as prolonged uncertainties could take a serious toll on business,” he told Bernama, Malaysia’s national news agency.

While the ringgit showed strength against a range of major currencies, it saw mixed performance versus regional peers. It firmed against the British pound and the euro, closing at 5.7716/7845 and 4.9751/9863, respectively. However, it eased slightly versus the Japanese yen to 2.9014/9081 and lost ground against the Thai baht at 13.0196/0548.

Trading sentiment remained cautious as investors turned their focus to the release of initial United States jobless claims data, widely regarded as a critical gauge of labor market health that could shift market direction. The local note traded largely flat against the Indonesian rupiah and the Philippine peso while recording modest gains against the Singapore dollar.

The current developments highlight the uncertainty stemming from Washington’s protectionist trade agenda. While some policymakers argue these tariffs are necessary to defend American industries, businesses, and investors have expressed growing concern that such measures will create lasting volatility and hamper global economic growth.

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